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ADOPTION OF THE REPORT OF THE GROUP ON ITS ELEVENTH SESSION

Draft report

Addendum

Rapporteur: G. G. M. BAK (Netherlands

II. ACCOUNTING EDUCATION AND STRENGTHENING OF THE PROFESSION

B. Review of training programmes in Africa, Asia, Latin America, Europe and North America

20. At the 3rd and 4th meetings, on 5 March 1993, the Group reviewed training programmes in the various regions based on the reports of the Secretary-General (E/C.10/AC.3/1993/4, 5 and 6). A member of the United Nations Secretariat explained that those reports were summaries of the information found in the replies to a questionnaire on accounting education that had been circulated to all member Governments, leading academics and the heads of professional organizations. There had been approximately 91 replies from 73 countries, representing a response rate of over 39 per cent. Resources did not permit the verification of data and the country experts were invited to provide more complete information. The questionnaire data have been computerized so as to facilitate further analysis.

21. She noted that 30 African countries had sent replies and that the information contained in the African questionnaires was consistent with earlier findings presented in Accountancy Development in Africa: Challenge of the 1990s. 1/ It appeared that many countries had had difficulty providing the training necessary to produce fully qualified accountants. Licences were given only in about 15 countries submitting information. In the remaining countries

only an academic degree could be earned. In these circumstances, accountants often sought a foreign credential. Very few of the teaching faculty had a professional certification and salaries were very low. The main deficiencies were lack of trained faculty and lack of appropriate materials. That affected the quality of accountants and made it difficult for accounting education to contribute to accountability in the public sector.

22. A representative of the World Bank stated that the Bank was very concerned about the fragmentation of accountability in Africa, and that it was necessary to design a more cohesive framework for international accounting activities. A concerted approach across a broad range of aspects was needed in the context of assuring good governance. If these other aspects were not addressed, education and training programmes would continue to falter. The Bank was therefore developing a comprehensive programme that included the development of accounting and auditing standards, a quality review scheme for auditors, and strengthening of the profession as well as training. The programme, which put accountability into a broader context, would be discussed with 22 donor countries in the near future. He noted that one neglected area of training was that of information technology and computer-aided accounting.

23. The representative of the Fédération internationale des experts - comptables francophones (FIDEF) thought that such a comprehensive programme would allow the Bank to make an effective contribution. He added that the Bank needed to ensure that there were adequate conditions for the absorption of its resources so that they didn't "melt like snow in the sun". It was important to sell certain ideas before making investments. The recipients must be convinced of the need for accountability and must recognize the contribution of an independent accounting profession in achieving such accountability. In other words it was important to identify the agents of change. As long as there was no profession in certain countries, accountability could not be achieved.

24. The representative of the African Accounting Council stated that the question of education was a front-line issue for the Council and that it had developed programmes and practical approaches to meet its educational goals. He explained that the Council sought to assess and ensure the coherence of various international programmes so that existing resources were used more efficiently. He announced that agencies would be invited to participate in a high-level workshop on the topic. Invited by the Chairman to describe the Council's operational programmes, he mentioned a framework for education and training, a think-tank for designing training programmes and materials, and fellowships for study abroad. He said that some years ago the World Bank had established a 10-year programme for accounting development that would continue for the next six years.

25. The expert from Nigeria asserted that in his view the profession could not be strengthened if it did not exist; therefore education had to come first in any strategy. He indicated that he had attended an extremely large number of conferences on accounting education within the past 20 years, including one in Zaire in 1973 and another in Dakar (Senegal) in 1991. While exchanging views was always interesting, what was needed was action. Unfortunately, there had been no action after those conferences. Concrete steps needed to be taken in the area of regional training centres, materials development, and the application of computer technology. In Dakar, he had seen a regional training

centre that could promote accountancy development but had been unable to fulfil this task owing to lack of funds, local professors and materials. He went on to say that regional centres were needed because a country approach was sometimes too expensive, and he asked the Group to re-examine the regional approach.

26. The expert from Lebanon noted the legislative developments in his country that were laying the basis for a strong profession. In particular he stated that a law was about to be enacted to regulate the profession. International accounting standards had also been adopted. The National Professional Association had contributed to the process by conducting training courses and was preparing an international conference on standard-setting.

27. The expert from Gabon supported Nigeria with respect to the need for the establishment of regional training centres, which had been recommended both in Abidjan (1988) and Dakar (1991). He was of the opinion that commercial accountants, government accountants and auditors must follow a common line of studies until they needed to specialize. He expressed satisfaction with the fact that the Bank's programme was directed towards countries in sub-Saharan Africa. He noted that accounting training programmes were often unsatisfactory and urged the Bank to consider the standardization of accounting education.

27a. The expert from the Sudan noted that while his country produced many qualified accountants, many of them left to work in the Gulf States. As a result, there was an insufficient supply in the government and private sectors. The Sudanese Accounting Council has been created for the purpose of strengthening the profession and for licensing. However, it was not able to offer training to its members owing to lack of foreign exchange.

28. The expert from Kenya thanked the United Nations Secretariat for assembling the document under review, which showed the dire need to strengthen both education and the profession. Kenya was in a slightly more favourable situation than other countries in that it had a large number of accountants and a large number of training institutions, including one college sponsored by the Professional Institute. That college had been set up largely by the profession to provide high-quality training. The college had approached the World Bank under its capacity-building programme in order to widen the activities of the college. In the future, postgraduate courses would be provided on a number of business and management subjects.

29. The Group then turned its attention to the review of accounting education in Asia and Latin America. The expert from India stated that the situation in general was good in his country owing to the educational system and the existence of independent professional organizations that held rigorous examinations and insisted on practical experience. However, supply exceeded demand and that caused significant problems in that many chartered accountants engaged in cutthroat competitive practices in order to obtain business. If a firm was displeased with its auditors, it could easily replace them, causing an erosion of professional ethics. That element was missing from the questionnaire, and he wondered how the Group could take up the question of professional ethics. He agreed with the comments of the representative of the World Bank on the necessity for introducing the computerization of accounts

into the curricula so that fully qualified accountants would be fully equipped when licensed to fulfil their various tasks.

30. The experts from China, Cyprus and Thailand offered amendments to the text of the report to be taken up in its final version.

31. The Group then considered the situation in Europe and North America. The observer from the United States of America commended the Group for its work in taking up the topic and producing the series of reports. She looked forward to the Group's final recommendations on accounting education. She suggested amendments to the text of the report.

31a. The expert from France thought that a clearer distinction was needed in all the reports between certified and commercial accountants. He agreed that government and academic accountants earned less than accountants in the private sector. However, he wondered whether the percentages included in the table adequately reflected such differences. He observed that the critical remarks in the report about accounting education in France were the reflection of a general desire to improve the educational system and should not be interpreted as a criticism of the adequacy of accounting education in his country.

32. The representative of the European Community suggested that a paragraph be added on common elements shared by members of the Community regarding accounting education, such as common rules for the training of statutory auditors. He noted that while it was true that class sizes in Europe were large, this was due to the democratization of education and was not peculiar to accounting. In the same way he thought that the fact that accounting professors earned lower salaries than their colleagues in practice was not typical and therefore not highly relevant. Moreover, he stated that accounting professors could normally do consultancy work which might provide them with additional income. He was of the view that the European Community on the whole did not lack trained professors. The experts from Italy, Switzerland, Spain and Sweden made corrections to the text to be taken up in the final report. The representative of the European Community corrected information regarding his own country, Belgium.

33. The expert from the Netherlands said that it had been hard to fill in the questionnaire owing to a certain confusion over what was to be included. He mentioned that Netherlands universities issued diplomas that automatically qualified the recipients as auditors and members of the professional institute. To receive the diploma they needed a doctorate in economics and three years postgraduate experience. The professional institute also had its own educational programme and examination which were recognized by law to be of the same calibre as the university diploma. Education in the Netherlands was based largely on the clinical model described in document E/C.10/AC.3/1993/3. In that model postgraduate education was largely provided by part-time instructors such as him. While there were deficiencies in the Netherlands system, in general it was up to standard in quality.

34. The Group then turned its attention to the situation in Central and Eastern Europe. The expert from Bulgaria stated that the Group had the responsibility to come up with a global view of accounting education, since in some countries the concept of accounting education was not clearly defined. He

elaborated on the various levels of accounting and auditing education in his country.

34a. He was followed by the experts from Hungary and Ukraine who also explained their systems. The Ukrainian observer said that retraining accountants in his country was difficult because of uncertainty over which accounting system to use - the Anglo-Saxon or the Continental (European) one.

35. The observer from Poland reminded the Group that the accounting profession had been established in Poland in 1907 and that at present the system had provided 15,000 accountants with a very high level of education. Seven thousand of those accountants had become certified auditors. Very often foreign experts did not understand that Poland had a good foundation for making the shift to the market economy and was not starting from nothing. For example, cost accounting was well known to Polish accountants, and it was financial accounting that must still be learned. In the area of standard-setting, Poland must develop its own standards after discussion and not have those standards imposed. She concluded by stating that Poland wanted to be a partner on an equal basis.

36. The observer from the Czech Republic noted that the statement of the observer from Poland regarding the quality of her country's educational system applied to his own country as well. The Czech Republic's educational system had enabled his country to make enormous progress in shifting to the market economy and new rules on accounting. The Union of Accountants had created a group of trainers and had given lectures to all accountants on the intent and content of the new laws. Currently those accountants must learn how to implement those laws. A new chamber of auditors that had taken over a number of functions from the Ministry of Finance including the certification of auditors had also been established. The chamber intended to train auditors in the future but it had not yet decided on its programme. He thought that it might be necessary to set up a special body for training. This concluded the Group's discussion of the three reports.

Notes

1/ United Nations publication, Sales No. E.91.II.A.2.